

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Global stocks broadly gained on Tuesday on easing Coronavirus concerns** as investors weighed positive developments such as smaller increases in reported cases and Chinese officials' optimism that the outbreak could be contained by April. Stoxx Europe 600 rose 0.9% to all-time high and the Hang Seng index surged by 1.3%. **In the US, Fed Chair Jerome Powell began his bi-annual testimony before Congress, remarking that the Fed is closely monitoring the potential virus-related global economic disruption.** The S&P 500 and NASDAQ managed to post a tiny 0.1% gain to hit their record highs for the second consecutive session while the Dow Jones was unchanged. Bond yields picked up around 3bps, gold futures dropped 0.3% to \$1567.89/ounce while crude oils gained 0.8-1.4%- Brent crude settled at \$54.01/barrel. Dollar strength receded amidst better risk sentiment – USD slipped against nearly all majors, the sterling climbed by 0.3% as its 4Q GDP growth met expectation. The RBNZ is expected to keep its official cash rate unchanged at 1.0% today.
- **On the data front,** US Small Business Optimism Index rebounded in January. UK economy recorded no growth in 4Q, industrial production rebounded and a jump in exports narrowed good trade deficit. Australia home loans value grew 4.4% MOM at year end and the country's business confidence barely changed.
- USD slipped against nearly all majors save for the JPY. **The dollar index slipped by 0.11% to 98.72.** While demand for dollar eased a little yesterday, **we expect the greenback to be supported in the short term** by lingering concerns over the Coronavirus outbreak in China. **Medium term outlook is bullish,** reaffirmed by solid US fundamentals, while the uncertainties surrounding virus outbreak could on-and-off send markets easily into risk aversion.
- USDMYR snapped winning streak as the ringgit strengthened alongside its regional Asian peers against the dollar on the back of firmer risk sentiment. **USDMYR closed 0.33% lower at 4.1335 making the ringgit among the top winners, right behind the Korean won. USDMYR daily outlook is neutral to only slightly bearish** and is likely consolidating within recent ranges ahead of Malaysia 4Q GDP report due today. Overnight dollar weakness is likely to weigh on USDMYR but we reckon that the downside is limited as this broad risk-on is likely to be temporary. **Medium term USDMYR outlook is bullish,** supported by relatively solid US data and ongoing uncertainties surrounding the virus outbreak.
- **USDSGD snapped losing streak to close 0.22% lower at 1.3864.** SGD remains severely oversold thus an easing in dollar demand is likely pushing USDSGD back to around 1.3800 in the short term **as the market corrects. Medium term USDSGD outlook is bullish** due to ongoing virus concerns and the potential impact it would have on the Singapore economy, reaffirmed by the MAS's signal to ease in April.

Overnight Economic Data

US	↑
UK	→
Australia	↑

What's Coming Up Next

Major Data

- Malaysia GDP
- US MBA Mortgage Application
- Eurozone Industrial Production
- Japan Machine Tool Orders
- Singapore Retail Sales

Major Events

- RBNZ Official Cash Rate Decision

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative*	R1	R2	Outlook
EURUSD	1.0880	1.0900	1.0914	1.0920	1.0940	↘
GBPUSD	1.2850	1.2900	1.2956	1.3000	1.3050	↗
USDJPY	109.50	109.70	109.81	110.00	110.20	→
AUDUSD	0.6680	0.6700	0.6716	0.6750	0.6800	↗
EURGBP	0.8360	0.8400	0.8424	0.8460	0.8490	→
USDMYR	4.1200	4.1250	4.1305	4.1400	4.1500	↘
EURMYR	4.4900	4.5000	4.5092	4.5175	4.5252	↘
JPYMYR	3.7280	3.7478	3.7615	3.7700	3.7800	→
GBPMYR	5.2900	5.3130	5.3516	5.3700	5.3876	→
SGDMYR	2.9700	2.9750	2.9777	2.9820	2.9880	→
AUDMYR	2.7550	2.7650	2.7746	2.7800	2.7880	→
NZDMYR	2.6300	2.6400	2.6477	2.6500	2.6600	→
USDSGD	1.3825	1.3850	1.3876	1.3900	1.3925	↘
EURSGD	1.5118	1.5130	1.5142	1.5180	1.5200	→
GBPSGD	1.7850	1.7900	1.7973	1.8000	1.8050	→
AUDSGD	0.9287	0.9300	0.9317	0.9325	0.9350	↗

* at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1,551.48	0.56	-2.35	CRB Index	169.61	0.44	-8.70
Dow Jones Ind.	29,276.34	0.00	2.59	WTI oil (\$/bbl)	49.94	0.75	-18.21
S&P 500	3,357.75	0.17	3.93	Brent oil (\$/bbl)	54.01	1.39	-18.17
FTSE 100	7,499.44	0.71	-0.57	Gold (\$/oz)	1,567.89	-0.27	3.30
Shanghai	2,901.67	0.39	-4.87	CPO (RM/tonne)	2,863.00	-0.93	-5.37
Hang Seng	27,583.88	1.26	-2.15	Copper (\$/tonne)	5,667.00	0.07	-8.21
STI	3,175.57	0.39	-1.47	Rubber (sen/kg)	461.00	0.77	1.88

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US NFIB Small Business Optimism	Jan	104.3	102.7	--
UK GDP QoQ	4Q P	0.0%	0.4%	0.0%
UK Industrial Production MoM	Dec	0.1%	-1.1% (revised)	0.3%
UK Visible Trade Balance GBP/Mn	Dec	-£845m	-£4947m	-£10000m
AU Home Loans Value MoM	Dec	4.4%	1.9% (revised)	-1.6%
AU NAB Business Confidence	Jan	-1.0	-2.0	--

Source: Bloomberg/

- US small business sentiment lifted at start of 2020:** The NFIB Small Business Optimism Index jumped to 104.3 in January (Dec: 102.7) reflecting a rebound in business confidence among small firms in the US. Surveyed firms were reportedly turning more upbeat over sales prospects but pointed out that finding qualified employees remain a challenge in a very tight job market.
- UK economy stagnated in 4Q:** UK 4Q GDP growth came in at 0.0% (3Q: +0.4%), meeting expectations of zero growth in the last quarter of 2019 when the country grappled with election and Brexit uncertainties. The stagnation reflects positive contribution from net exports which was being offset by huge negative contribution from gross capital formation as businesses hold back from spending ahead of Brexit deadlines. Household consumption made only a minor addition to headline GDP, indicating consumers' cautious spending behaviour. On a yearly basis, GDP growth eased to 1.1% YOY (3Q: +1.2%), leaving the full year 2019 growth rate at 1.4% (2018: +1.3%), slightly faster than 2018's. Meanwhile on a separate note, consistent with PMI reading, industrial production eked out a 0.1% MOM gain in December (Nov: -1.1%) reflecting the beginning of a rebound in output towards year-end as Brexit uncertainties lifted considerably following an early December election. Goods trade deficit narrowed to £845m in the same month (Nov: -£4.94b) as exports jumped 17.4% MOM while imports were flat.
- Australia home loans jumped in December; business confidence little changed:** The value of home loans approved in Australia surged by 4.4% MOM in December (Nov: +1.9% revised) thanks to a jump in owner occupied loan value (+5.1% vs +1.6%) and a bigger gain in investor loan value as well (+2.2% vs +2.5%), reaffirming expectations that the housing market continues to pick up momentum and recover on the back of low interest rates. Meanwhile, the headline NAB Business Confidence Index was little changed at -1 in January (Dec: -2) with the Business Condition Index being flat at 3, indicating generally steady sentiment among Australian businesses.

Economic Calendar

Date	Time	Country	Event	Reporting Period	Survey	Actual	Prior	Revised
12/02	12:00	Malaysia	GDP YoY	4Q	4.1%	--	4.4%	--
11/02	19:00	US	NFIB Small Business Optimism	Jan	103.5	104.3	102.7	--
12/02	20:00		MBA Mortgage Applications	Feb-07	--	--	5.0%	--
13/02	21:30		CPI YoY	Jan	2.4%	--	2.3%	--
	21:30		Initial Jobless Claims	Feb-08	210k	--	202k	--
14/02	21:30		Import Price Index MoM	Jan	-0.2%	--	0.3%	--
	21:30		Retail Sales Advance MoM	Jan	0.3%	--	0.3%	--
	22:15		Industrial Production MoM	Jan	-0.2%	--	-0.3%	--
	23:00		U. of Mich. Sentiment	Feb P	99.4	--	99.8	--
10/02	17:30	Eurozone	Sentix Investor Confidence	Feb	5.7	5.2	7.6	--
12/02	18:00		Industrial Production SA MoM	Dec	-2.0%	--	0.2%	--
14/02	18:00		Trade Balance SA	Dec	19.3b	--	19.2b	--
	18:00		GDP SA QoQ	4Q P	0.1%	--	0.1%	--
11/02	17:30	UK	GDP QoQ	4Q P	0.0%	0.0%	0.4%	--
	17:30		Industrial Production MoM	Dec	0.3%	--	-1.2%	--
	17:30		Visible Trade Balance GBP/Mn	Dec	-£10000m	-£845m	-£5256m	-£4947m
13/02	08:01		RICS House Price Balance	Jan	3%	--	-2%	--
10/02	13:00	Japan	Eco Watchers Survey Current	Jan	39.1	41.9	39.8	39.7
	13:00		Eco Watchers Survey Outlook	Jan	43.8	41.8	45.4	45.5
12/02	14:00		Machine Tool Orders YoY	Jan P	--	--	-33.5%	--
13/02	07:50		PPI YoY	Jan	1.5%	--	0.9%	--
10/02	09:30	China	PPI YoY	Jan	0.0%	0.1%	-0.5%	--
	09:30		CPI YoY	Jan	4.9%	5.4%	4.5%	--
12/02	13:00	Singapore	Retail Sales YoY	Dec	-2.5%	--	-4.0%	--
11/02	08:30	Australia	Home Loans Value MoM	Dec	-1.6%	4.4%	1.8%	1.9%
	08:30		NAB Business Confidence	Jan	--	-1.0	-2.0	--
12/02	09:00	New Zealand	RBNZ Official Cash Rate	12/02	1.0%	--	1.0%	--
14/02	05:30		BusinessNZ Manufacturing PMI	Jan	--	--	49.3	--

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.0916	0.05	1.0925	1.0892	-2.62
GBPUSD	1.2952	0.29	1.2968	1.2895	-2.28
USDJPY	109.79	0.02	109.96	109.73	1.10
AUDUSD	0.6714	0.40	0.6737	0.6681	-4.37
EURGBP	0.8427	-0.25	0.8459	0.8420	-0.37
USDMYR	4.1335	-0.33	4.1450	4.1330	1.04
EURMYR	4.5115	-0.65	4.5246	4.4940	-1.66
JPYMYR	3.7640	-0.36	3.7764	3.7493	-0.11
GBPMYR	5.3365	-0.39	5.3563	5.2957	-0.76
SGDMYR	2.9806	-0.21	2.9858	2.9552	-1.99
AUDMYR	2.7754	-0.65	2.7800	2.7639	-3.22
NZDMYR	2.6448	-0.53	2.6473	2.6202	-3.92
CHFMYR	4.2318	-0.27	4.2406	4.1915	0.10
CNYMYR	0.5930	-0.36	0.5939	0.5877	0.86
HKDMYR	0.5328	-0.22	0.5337	0.5281	1.37
USDSGD	1.3864	-0.22	1.3897	1.3860	3.02
EURSGD	1.5134	-0.38	1.5166	1.5117	0.32
GBPSGD	1.7957	0.06	1.7984	1.7900	0.68
AUDSGD	0.9308	0.18	0.9337	0.9284	-1.41

Source: Bloomberg

➤ Forex

MYR

- USDMYR snapped winning streak as the ringgit strengthened alongside its regional Asian peers against the dollar on the back of firmer risk sentiment. **USDMYR closed 0.33% lower at 4.1335 making the ringgit among the top winners, right behind the Korean won.**
- **USDMYR daily outlook is neutral to only slightly bearish** and is likely consolidating within recent ranges ahead of Malaysia 4Q GDP report due today. Overnight dollar weakness is likely to weigh on USDMYR but we reckon that the downside is limited as this broad risk-on is likely to be temporary. **Medium term USDMYR outlook is bullish**, supported by relatively solid US data and ongoing uncertainties surrounding the virus outbreak.

USD

- Dollar strength receded amidst better risk sentiment – USD slipped against nearly all majors save for the JPY. **The dollar index slipped by 0.11% to 98.72.**
- While demand for dollar eased a little yesterday, **we expect the greenback to be supported in the short term** by lingering concerns over the Coronavirus outbreak in China. **Medium term outlook is bullish**, reaffirmed by solid US fundamentals, while the uncertainties surrounding virus outbreak could on-and-off send markets easily into risk aversion.

EUR

- **EURUSD bounced off intraday low to finish little changed at 1.0916 on the back of weaker USD.**
- **EURUSD daily outlook is still bearish** as the pair continued to lose momentum and is still looking to break 1.0900 figure support today with RSI flirting at the oversold level. **Medium term outlook is bearish** over weaker Eurozone growth versus a firmer US outlook.

GBP

- **GBPUSD added 0.29% to 1.2952** as UK 4Q GDP growth met expectations.
- **GBP is likely to extend its ongoing recovery and is eyeing 1.3000 figure resistance**, riding on weaker USD amidst firmer risk sentiment. **Medium term outlook is neutral** for now given the uncertainties over US-EU trading relationship and likelihood that the BOE will hold rate for the rest of the year.

JPY

- **USDJPY was little changed at 109.79.**
- **USDJPY is expected consolidate at 109.80-110.00** but is unlikely to breach 110.00 key handle as demand for safe haven JPY eases a little on the back of firmer sentiment. **Medium term USDJPY outlook is still bearish** as markets are expected to remain risk-averse in the foreseeable future with uncertainties surrounding the Coronavirus outbreak remaining a major downside risk.

AUD

- **AUDUSD continued to recover, adding 0.40% at 0.6714.**
- **AUDUSD is expected to recover further today**, targeting the immediate 0.6750 before aiming for 0.68000 figure in the short term. As reiterated earlier, negative virus and China headlines continued to be a market mover and could risk sending the pair back below 0.6700. **Medium term outlook is bearish** on grimmer and uncertain Australia growth outlook that is bound to be affected by the virus outbreak.

SGD

- **USDSGD snapped losing streak to close 0.22% lower at 1.3864.**
- SGD remains severely oversold thus an easing in dollar demand is likely pushing USDSGD back to around 1.3800 in the short term **as the market corrects. Medium term USDSGD outlook is bullish** due to ongoing virus concerns and the potential impact it would have on the Singapore economy, reaffirmed by the MAS's signal to ease in April.

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